

Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-25 NEA-14 ISO-00 SSO-00 EB-11 SS-20 IO-14

STR-08 L-03 NSCE-00 XMB-07 CIAE-00 INR-11 NSAE-00

RSC-01 CEA-02 CIEP-02 DRC-01 /120 W

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R 191613Z JUL 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 2284

INFO AMEMBASSY JIDDA

AMEMBASSY BONN

C O N F I D E N T I A L LONDON 09125

DEPARTMENT PASS TREASURY

JIDDA FOR SECRETARY SIMON AND UNDER SEC'Y BENNETT

E.O. 11652: XGDS-1 (DECLAS 7-19-04)

TAGS: EFIN, UK

SUBJECT: DEVELOPMENT COUNCIL - SIMON LETTER

REF: STATE 155405

1. LETTER DELIVERED TO SIR DEREK MITCHELL ON JULY 19. CHANCELLOR HEALEY IS CLOSETED WITH SENIOR ECONOMIC ADVISERS PREPARING MINI BUDGET TO BE PRESENTED TO PARLIAMENT ON MONDAY, JULY 22. HEALEY'S OFFICE REQUESTED THAT COPY OF LETTER BE IMMEDIATELY DELIVERED TO SIR DEREK MITCHELL IN ORDER THAT IT COULD BE TAKEN INTO ACCOUNT DURING U.K. TREASURY AND OVERSEAS DEVELOPMENT MINISTRY DELIBERATIONS BEING HELD TODAY ON THIS GENERAL SUBJECT.

2. MITCHELL, AFTER READING SECRETARY SIMON'S LETTER, SAID THAT CHANCELLOR HEALEY IS AS CONCERNED AS ANYONE ABOUT THE GENERAL SUBJECT. HE HAS NOT YET FOCUSED ON MECHANICS. THE U.K. ACCEPTS THE TOPIC AS ONE OF GREAT URGENCY. IT HAS BEEN BAFFLED HOW BEST TO PROCEED AND HOPES THAT SEC-
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RETARY SIMON'S SUGGESTION WILL RECEIVE A POSITIVE REACTION

("WILL MAKE IT RUN").

3. AS AN INITIAL REACTION, MITCHELL SAID THE U.S. PROBABLY UNDERESTIMATES THE DIFFICULTY IN GETTING THE PROJECT STARTED. THERE WILL BE AGONIES IN ARRIVING AT ANY GROUPING DIFFERENT FROM THE EXISTING C-20. THERE WILL BE INSTITUTIONAL RESISTANCE TO GETTING THE DEVELOPMENT COUNCIL OUT FROM UNDER THE AEGIS OF THE BANK AND FUND. THERE WILL BE DIFFICULTIES IN EXERTING INFLUENCE OVER THE OTHER INSTITUTIONS. THIS MUCH SAID, THE U.K.'S POSITION WOULD BASICALLY BE POSITIVE ("A GREEN LIGHT"). IT WILL WANT TO HELP ALL IT CAN, BUT IT DOES HAVE THE ABOVE-MENTIONED ANXIETIES.

4. MITCHELL THOUGHT THAT THE GERMANS AND SOME OTHERS WOULD EXPRESS APPRECIATION FOR THE U.S.'S HIGH LEVEL INITIATIVE ON THE PROCEDURE TO BE FOLLOWED, BUT WOULD ALSO QUESTION WHAT CONTRIBUTION IN SUBSTANCE THE U.S. IS PREPARED TO MAKE.

5. MITCHELL PROMISED TO BRING THE LETTER TO CHANCELLOR HEALEY'S ATTENTION THIS WEEKEND, IN PREPARATION FOR THE CHANCELLOR'S DISCUSSIONS WITH SECRETARY SIMON NEXT WEEK.

6. DEPARTMENT PLEASE REPEAT TO OTHER POSTS AS DESIRED

SOHM

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Message Attributes

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